

AMENDED IN SENATE JUNE 26, 2006

AMENDED IN SENATE JUNE 8, 2006

AMENDED IN ASSEMBLY MAY 8, 2006

AMENDED IN ASSEMBLY APRIL 26, 2006

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 2667

Introduced by Assembly Member Baca

February 24, 2006

An act to add Section ~~22793.5~~ 22854 to the Government Code, to add Section 1351.3 to the Health and Safety Code, to add Section 717.2 to the Insurance Code, and to add Article 2.99 (commencing with Section 14095) to Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, relating to health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2667, as amended, Baca. Health care providers and insurers: considerations.

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans.

This bill would ~~require~~ *authorize* the board to consider specified factors with respect to any entity that seeks to contract with the system for the provision of health benefits.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care.

This bill would require the department to consider specified factors with respect to any application for an initial license for any entity that seeks to contract with the system for the provision of health benefits.

Existing law provides for the licensure and regulation of health insurers by the Department of Insurance. Existing law prohibits any class of insurance business in the state without first being admitted of that class by procuring a certificate of authority from the insurance Commissioner. The commissioner is required to issue a certificate of authority upon consideration of specified qualifications of the applicant.

This bill would require the commissioner to consider specified factors with respect to any ~~applicant that applies for approval as a new class of business for the purpose of setting or offering health insurance~~ *application for a certificate of authority, or amended certificate of authority to transact health insurance.*

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, pursuant to which medical benefits are provided to public assistance recipients and certain other low-income persons. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions. Existing law contains provisions governing the enrollment or reenrollment or contracting with entities for the provision of health care benefits under the Medi-Cal program of Medi-Cal providers. Medi-Cal services may also be obtained under specified types of contractual arrangements.

This bill would ~~require~~ *authorize* the department to consider specified factors with regards to contracting with any entity for the provision of health care services under the Medi-Cal program.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section ~~22793.5~~ 22854 is added to the
- 2 Government Code, to read:
- 3 ~~22793.5.~~
- 4 22854. (a) The board, in considering a contract with any
- 5 entity that seeks to enter into a contract under this article for the

1 provision of health care benefits, ~~shall~~ *or services, may* consider
2 all of the following:

3 (1) Whether the applicant is of reputable and responsible
4 character. The ~~department~~ *board* shall consider any available
5 information that the applicant has demonstrated a pattern and
6 practice of violations of state or federal laws and regulations.

7 (2) Whether the applicant has the ability to provide, or arrange
8 to provide for, health care benefits or services. The board ~~shall~~
9 ~~consider evidence that shall include all of the following:~~ *may*
10 *consider any of the following:*

11 (A) Any prior history of providing, or arranging to provide for,
12 health care services or benefits in this state, the applicant's
13 history of substantial compliance with the requirements imposed
14 under that license, and applicable federal laws, regulations, and
15 requirements.

16 (B) Any prior history in this state or any other state, of
17 providing, or arranging to provide for, health care services or
18 benefits authorized to receive Medicare Program reimbursement
19 or Medicaid Program reimbursement, the applicant's history of
20 substantial compliance with that state's requirements, and
21 applicable federal laws, regulations, and requirements.

22 (C) Any prior history of providing, or arranging to provide for,
23 health services as a licensed health professional or an individual
24 or entity contracting with a health care service plan or insurer,
25 and the applicant's history of substantial compliance with state
26 requirements, and applicable federal law, regulations, and
27 requirements.

28 (b) The board may also require the entity described in
29 subdivision (a) to furnish other information or documents for the
30 ~~proper administration and enforcement of the licensing laws.~~
31 *purposes of this section.*

32 SEC. 2. Section 1351.3 is added to the Health and Safety
33 Code, to read:

34 1351.3. (a) ~~The~~ *On and after January 1, 2007, the*
35 department, in considering an application for an initial license for
36 any entity under this chapter, shall consider whether the plan, its
37 management company, or any other affiliate of the plan, or any
38 controlling person, officer, director, or other person occupying a
39 principal management or supervisory position in the plan,

1 ~~managed~~ *management* company, or affiliate has either of the
2 following:

3 (1) Any prior history in this state or any other state, of
4 providing, or arranging to provide for, health care services or
5 benefits authorized to receive Medicare Program reimbursement
6 or Medicaid Program reimbursement, the applicant's history of
7 substantial compliance with that state's requirements, and
8 applicable federal laws, regulations, and requirements.

9 (2) Any prior history of providing, or arranging to provide for,
10 health services as a licensed health professional or an individual
11 or entity contracting with a health care service plan or insurer,
12 and the applicant's history of substantial compliance with state
13 requirements, and applicable federal laws, regulations, and
14 requirements.

15 (b) The department may also require the entity described in
16 subdivision (a) to furnish other information or documents for the
17 purposes of this section.

18 SEC. 3. Section 717.2 is added to the Insurance Code, to
19 read:

20 717.2. ~~For (a) On and after January 1, 2007, for purposes of~~
21 ~~Section 717, the commissioner shall, with respect to an applicant~~
22 ~~that applies for approval as a new class of insurance business for~~
23 ~~the purpose of selling or offering health insurance, consider~~
24 ~~whether the applicant has any of the following: shall consider;~~
25 ~~with respect to any application for a certificate of authority or~~
26 ~~amended certificate of authority to transact health insurance, as~~
27 ~~defined in subdivision (b) of Section 106, in this state, any~~
28 ~~available evidence regarding any one or more of the following:~~

29 ~~(a)~~

30 (1) Any prior history of providing, or arranging to provide for,
31 health care ~~services coverage, services, or benefits~~ in this state
32 and the applicant's history of substantial compliance with ~~the~~
33 ~~requirements imposed under that license and applicable federal~~
34 ~~laws, regulations, and requirements: applicable state and federal~~
35 ~~laws, regulations, and requirements.~~

36 ~~(b)~~

37 (2) Any prior history in this state or any other state, of
38 providing, or arranging to provide for, health care ~~services~~
39 ~~coverage, services, or benefits for which the applicant is~~
40 authorized to receive Medicare Program reimbursement or

1 Medicaid Program reimbursement, and the applicant's history of
2 ~~substantial compliance with that state's requirements, and~~
3 ~~applicable of substantial compliance with applicable state and~~
4 federal laws, regulations, and requirements.

5 (e)

6 (3) Any prior history *on the part of the applicant's*
7 *management* of providing, or arranging to provide for, health
8 services as a licensed health professional or an individual or
9 entity contracting with a health care service plan or insurer, and
10 the applicant's history of substantial compliance with state
11 requirements, and applicable federal law, regulations, and
12 requirements.

13 (b) *The commissioner may also require the applicant to*
14 *provide information or documents for the purposes of this*
15 *section.*

16 SEC. 4. Article 2.99 (commencing with Section 14095) is
17 added to Chapter 7 of Part 3 of Division 9 of the Welfare and
18 Institutions Code, to read:

19
20 Article 2.99. Provider Contract Considerations

21
22 14095. (a) For any entity that seeks to contract with the
23 department to provide, or arrange to provide for, health care
24 services under this chapter, the department ~~shall~~ *may* consider all
25 of the following:

26 (1) Whether the applicant is of reputable and responsible
27 character. The department ~~shall~~ *may* consider any available
28 information that the applicant has demonstrated a pattern and
29 practice of violations of state or federal laws and regulations.

30 (2) Whether the applicant has the ability to provide, or arrange
31 for the provision of, health care benefits or services. The
32 department ~~shall consider evidence that shall~~ *may consider*
33 *evidence that may* include all of the following:

34 (A) Any prior history of providing, or arranging for the
35 provision of, health care services or benefits in this state, the
36 applicant's history of substantial compliance with the
37 requirements imposed under that license, and applicable federal
38 laws, regulations, and requirements.

39 (B) Any prior history in this state or any other state, of
40 providing, or arranging for the provision of, health care services

1 or benefits authorized to receive Medicare Program
2 reimbursement or Medicaid Program reimbursement, the
3 applicant's history of substantial compliance with that state's
4 requirements, and applicable federal laws, regulations, and
5 requirements.

6 (C) Any prior history of providing, or arranging for the
7 provision of, health services as a licensed health professional or
8 an individual or entity contracting with a health care service plan
9 or insurer, and the applicant's history of substantial compliance
10 with state requirements, and applicable federal law, regulations,
11 and requirements.

12 (b) The department may also require the entity described in
13 subdivision (a) to furnish other information or documents for the
14 proper administration and enforcement of the licensing laws.